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| Adopted | Rejected |
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## COMMITTEE REPORT

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| YES: | 11 |
| NO:  | 0  |

### MR. SPEAKER:

*Your Committee on Employment and Labor, to which was referred Senate Bill 340, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

1           Page 3, between lines 21 and 22, begin a new paragraph and insert:  
2           "SECTION 2. IC 5-10-8-7 IS AMENDED TO READ AS  
3           FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 7. (a) The state,  
4           excluding state educational institutions (as defined by IC 20-12-0.5-1),  
5           may not purchase or maintain a policy of group insurance, except:  
6           (1) life insurance for the state's employees;  
7           (2) long term care insurance under a long term care insurance  
8           policy (as defined in IC 27-8-12-5), for the state's employees; **or**  
9           (3) an accident and sickness insurance policy (as defined in  
10          IC 27-8-5.6-1) that covers individuals to whom coverage is  
11          provided by a local unit under section 6.6 of this chapter; **or**  
12          **(4) an insurance policy that provides coverage that**  
13          **supplements coverage provided under a United States military**  
14          **health care plan.**

1 (b) With the consent of the governor, the state personnel department  
2 may establish self-insurance programs to provide group insurance other  
3 than life or long term care insurance for state employees and retired  
4 state employees. The state personnel department may contract with a  
5 private agency, business firm, limited liability company, or corporation  
6 for administrative services. A commission may not be paid for the  
7 placement of the contract. The department may require, as part of a  
8 contract for administrative services, that the provider of the  
9 administrative services offer to an employee terminating state  
10 employment the option to purchase, without evidence of insurability,  
11 an individual policy of insurance.

12 (c) Notwithstanding subsection (a), with the consent of the governor,  
13 the state personnel department may contract for health services for state  
14 employees and individuals to whom coverage is provided by a local  
15 unit under section 6.6 of this chapter through one (1) or more prepaid  
16 health care delivery plans.

17 (d) The state personnel department shall adopt rules under IC 4-22-2  
18 to establish long term and short term disability plans for state  
19 employees (except employees who hold elected offices (as defined by  
20 IC 3-5-2-17)). The plans adopted under this subsection may include any  
21 provisions the department considers necessary and proper and must:

- 22 (1) require participation in the plan by employees with six (6)  
23 months of continuous, full-time service;
- 24 (2) require an employee to make a contribution to the plan in the  
25 form of a payroll deduction;
- 26 (3) require that an employee's benefits under the short term  
27 disability plan be subject to a thirty (30) day elimination period  
28 and that benefits under the long term plan be subject to a six (6)  
29 month elimination period;
- 30 (4) prohibit the termination of an employee who is eligible for  
31 benefits under the plan;
- 32 (5) provide, after a seven (7) day elimination period, eighty  
33 percent (80%) of base biweekly wages for an employee disabled  
34 by injuries resulting from tortious acts, as distinguished from  
35 passive negligence, that occur within the employee's scope of state  
36 employment;
- 37 (6) provide that an employee's benefits under the plan may be  
38 reduced, dollar for dollar, if the employee derives income from:

- 1 (A) Social Security;
- 2 (B) the public employees' retirement fund;
- 3 (C) the Indiana state teachers' retirement fund;
- 4 (D) pension disability;
- 5 (E) worker's compensation;
- 6 (F) benefits provided from another employer's group plan; or
- 7 (G) remuneration for employment entered into after the
- 8 disability was incurred.
- 9 (The department of state revenue and the department of workforce
- 10 development shall cooperate with the state personnel department
- 11 to confirm that an employee has disclosed complete and accurate
- 12 information necessary to administer subdivision (6).)
- 13 (7) provide that an employee will not receive benefits under the
- 14 plan for a disability resulting from causes specified in the rules;
- 15 and
- 16 (8) provide that, if an employee refuses to:
  - 17 (A) accept work assignments appropriate to the employee's
  - 18 medical condition;
  - 19 (B) submit information necessary for claim administration; or
  - 20 (C) submit to examinations by designated physicians;
  - 21 the employee forfeits benefits under the plan.
- 22 (e) This section does not affect insurance for retirees under
- 23 IC 5-10.3 or IC 21-6.1.
- 24 (f) The state may pay part of the cost of self-insurance or prepaid
- 25 health care delivery plans for its employees.
- 26 (g) A state agency may not provide any insurance benefits to its
- 27 employees that are not generally available to other state employees,
- 28 unless specifically authorized by law.
- 29 (h) The state may pay a part of the cost of group medical and life
- 30 coverage for its employees.
- 31 SECTION 3. IC 5-10.2-4-1.8 IS ADDED TO THE INDIANA
- 32 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 33 [EFFECTIVE UPON PASSAGE]: **Sec. 1.8. (a) An employee of the**
- 34 **state who:**
  - 35 **(1) is a member of the public employees' retirement fund;**
  - 36 **(2) has not attained vested status; and**
  - 37 **(3) is terminated from employment with the state after**
  - 38 **December 30, 2005, as the result of:**

1           (A) a lease or other transfer of state property to a  
2           nongovernmental entity; or

3           (B) a contractual arrangement with a nongovernmental  
4           entity to perform certain state functions;

5           may make the election described in subsection (b).

6           (b) A member described in subsection (a) may elect, in the  
7           manner prescribed by the board of trustees of the public  
8           employees' retirement fund, not later than sixty (60) days after the  
9           date the member separates from state service, to receive from the  
10          public employees' retirement fund a distribution under subsection  
11          (c).

12          (c) This subsection applies to a member who elects under  
13          subsection (b) to receive a distribution. The member is entitled to  
14          receive a distribution that is equal to the present value, as  
15          determined by the board on the member's separation date, of the  
16          pension portion of the monthly retirement benefit computed as if  
17          the member had been:

18               (1) eligible for normal retirement; and

19               (2) at least sixty-five (65) years of age;

20          on the member's separation date, multiplied by a fraction. The  
21          numerator of the fraction is the number of months of creditable  
22          service earned by the member as an employee of the state before  
23          the member's separation date. The denominator of the fraction is  
24          one hundred twenty (120).

25          (d) To the extent permitted by the Internal Revenue Code, the  
26          distribution under subsection (c) must be made directly to any of  
27          the following designated by the terminating employee:

28               (1) An individual retirement account or annuity described in  
29               Section 408(a) or Section 408(b) of the Internal Revenue Code.

30               (2) A qualified plan described in Section 401(a) or Section  
31               403(a) of the Internal Revenue Code.

32               (3) An annuity contract or account described in Section 403(b)  
33               of the Internal Revenue Code.

34               (4) An eligible plan that is maintained by a state, a political  
35               subdivision of a state, or an agency or instrumentality of a  
36               state or political subdivision of a state under Section 457(b) of  
37               the Internal Revenue Code.

38          (e) Creditable service used in computing a distribution under

1       this section may not be used to compute a normal or early  
2       retirement benefit under this article.

3       (f) The board of trustees of the public employees' retirement  
4       fund may adopt reasonable procedures and standards to  
5       implement this section.

6       (g) This section applies only if the public employees' retirement  
7       fund has received from the Internal Revenue Service any approvals  
8       or rulings that the board of trustees of the public employees'  
9       retirement fund considers necessary or appropriate."

10       Page 4, line 32, delete "the member 's" and insert "**the member's**".

11       ReNUMBER all SECTIONS consecutively.

(Reference is to SB 340 as printed January 27, 2006.)

**and when so amended that said bill do pass.**

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Representative Torr